

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7011**

**BILL NUMBER:** SB 466

**NOTE PREPARED:** Dec 30, 2010

**BILL AMENDED:**

**SUBJECT:** Abandoned housing.

**FIRST AUTHOR:** Sen. Paul

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**      **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** *Abandoned Property:* This bill permits a tax sale certificate purchaser to enter onto abandoned property for which the purchaser owns a tax sale certificate to abate a nuisance or comply with unsafe building laws or certain ordinances.

*Recording of Deed:* The bill requires a person who purchases property at a foreclosure sale to record the deed within 60 days.

*Mortgaged Property Surrendered in Bankruptcy:* With respect to mortgaged real property that the mortgagor surrenders in writing to the court or to a mortgagee, the bill provides that 30 days after the date on which the mortgagor surrenders real property the mortgagee is responsible for ensuring that the property does not violate local ordinances or nuisance, unsafe building, and vacant and abandoned structures statutes. It specifies that the mortgagee is personally liable for ensuring that the property complies with local ordinances or nuisance, unsafe building, and vacant and abandoned structures statutes, and provides that the mortgagee may be liable for additional civil penalties as determined by the appropriate local legislative body. It also requires a mortgagee to whom property has been surrendered to record the mortgagee's interest in the property not later than 60 days after receipt. It also provides that a mortgagee has the authority to enter onto real property in order to carry out its responsibilities.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Summary:* (1) *Abandoned Property, Mortgaged Property Surrendered in Bankruptcy:* Under this bill, local taxing units within a county would probably save the cost of providing services such as weeding, boarding, or sewer maintenance for the property in question until either the property is sold, or tax sale purchaser has received the tax deed.

(2) *Recording of Deed:* The sheriff would save the cost of recording the deed which would be assumed by the purchaser of the property.

*Abandoned Property:* Under this bill, an individual who has purchased the right to property through a tax sale is permitted to enter the property if it is vacant or abandoned to ensure that the property does not violate local ordinances or nuisance, unsafe building, and vacant and abandoned structures statutes. The individual must send written notice to the property owner of the individual's intention to enter the property; the property owner, in turn, can deny entry.

The bill would permit the tax sale purchaser to enter the property even if the redemption period for the property has not expired or the purchaser has not yet received the tax deed. If the property owner redeems the property, the property owner is required to reimburse the tax sale purchaser for the work the latter performed on the property.

*Recording of Deed:* Under current law, unless the property in question is insured by the United States Department of Housing and Urban Development (HUD), the sheriff is responsible for recording the deed to property purchased at a foreclosure. Under this bill, the purchaser of the property has 60 days to record the deed with the county recorder, and assume the cost of doing so. Failure to do so within this time limit may result in civil penalties. The exception to recording the deed if the property is insured by HUD still holds under this bill.

*Mortgaged Property Surrendered in Bankruptcy:* Under this bill, a mortgagee, within 30 days of receiving mortgaged property either surrendered in bankruptcy or directly from the mortgagor (via a valid quitclaim deed), would become responsible for ensuring that the property does not violate local ordinances or nuisance, unsafe building, and vacant and abandoned structures statutes. The mortgagee would be liable for any civil penalties for non-compliance. If the property has been surrendered directly to the mortgagee, the mortgagee, on receipt of the quitclaim deed, would have 60 days to record it with the county recorder. The bill does not apply to property that is still occupied by the mortgagor or a tenant.

## **Explanation of Local Revenues:**

### **State Agencies Affected:**

**Local Agencies Affected:** Local Taxing Units.

### **Information Sources:**

**Fiscal Analyst:** David Lusan, 317-232-9592.